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EXTRAORDINARY

भाग II — खण्ड 2

PART II — Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं 13] नई दिल्ली, बृहस्पतिवार, जुलाई 27, 2023/ श्रावण 5, 1945 (शक)
No. 13] NEW DELHI, THURSDAY, JULY 27, 2023/SRAVANA 5, 1945 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following bill was introduced in Lok Sabha on 27th July 2023:—

Bill No. 102 of 2023

A Bill to amend the Offshore Areas Mineral (Development and Regulation) Act, 2002.

BE it enacted by Parliament in the Seventy-fourth Year of the Republic of India as follows:—

1. (1) This Act may be called the Offshore Areas Mineral (Development and Regulation) Amendment Act, 2023. Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

17 of 2003. **2.** In the Offshore Areas Mineral (Development and Regulation) Act, 2002 (hereinafter referred to as the principal Act), in section 4,— Amendment of section 4.

67 of 1957. (i) in clause (b), after the words, brackets and figures "Mines and Minerals (Development and Regulation) Act, 1957", the words "and the rules made thereunder" shall be inserted;

(ii) after clause (c), the following clauses shall be inserted, namely:—

'(ca) "composite licence" means the exploration licence-cum-production lease, which is a two stage operating right granted for the purpose of undertaking exploration operation followed by production operation;

'(cb) "dispatch" means removal of minerals or mineral products from the area covered under the production lease and includes the consumption of minerals and mineral products within such area;';

(iii) in clause (d), for the words and figures "under section 12", the words "for the purpose of undertaking exploration operation" shall be substituted;

(iv) after clause (e), the following clause shall be inserted, namely:—

'(ea) "Government company" shall have the meaning assigned to it in clause (45) of section 2 of the Companies Act, 2013;';

18 of 2013.

(v) in clause (i), for the words "the production lease", the words "a production lease" shall be substituted;

(vi) in clause (j), for the words "the exploration licence is granted", the words "a composite licence, or an exploration licence, is granted" shall be substituted;

(vii) in clause (k), for the words "an exploration licence or production lease", the words "a composite licence, or an exploration licence, or a production lease" shall be substituted;

(viii) in clause (o), for the words "an exploration licence, or a production lease", the words "a composite licence, or an exploration licence, or a production lease" shall be substituted;

(ix) after clause (r), the following clause shall be inserted, namely:—

'(ra) "production", with its grammatical variation and cognate expressions, means the winning of mineral within the area covered under a production lease for the purpose of processing or dispatch;';

(x) in clause (t), for the words and figures "under section 13", the words and figures "under section 8 or section 12 or section 13" shall be substituted;

(xi) in clause (v), the words and figures "under section 11" shall be omitted;

(xii) after clause (v), the following clause shall be inserted, namely:—

'(va) "standard block" means a block of the offshore area of one minute latitude by one minute longitude and includes the seabed and its subsoil and waters superjacent to the seabed within such block;';

(xiii) in clause (w), for the words "boat, sailing vessel or any other vessel of any description", the words "barge, boat, container, sailing vessel or stationary vessel or any other vessel of any description, submersible or otherwise and remotely operated or otherwise, used in any operation or any activity pursuant thereto" shall be substituted.

3. In section 5 of the principal Act,—

(a) in sub-section (I),—

(i) for the words "exploration licence or production lease granted", the words "a composite licence, or an exploration licence, or a production lease, granted" shall be substituted;

(ii) in the proviso,—

(A) for the words "Atomic Minerals Directorate of Exploration and Research", the words "Atomic Minerals Directorate for Exploration and Research" shall be substituted;

(B) for the words "Naval Hydrographic Office of the Indian Navy", the words "the National Hydrographic Office" shall be substituted;

(C) for the words "any other agency duly authorised in this behalf by the Central Government", the words "any other agency including a private entity, duly authorised in this behalf by the Central Government by notification in the Official Gazette, subject to such conditions as may be specified therein" shall be substituted;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

"(2) Every permittee, licensee and lessee referred to in sub-section (1), and the Government organisation, agency or private entity referred to in the proviso thereof, shall—

(a) furnish to the administering authority and such other authority as may be prescribed, all exploration and operational data, reports, samples and other information in respect of or collected pursuant to an operation, in such manner and within such period, as may be prescribed; and

(b) all exploration and operational data, reports, samples and other information in respect of or collected pursuant to an operation, shall be held by such permittee, licensee, lessee, Government organisation, agency or private entity, as the case may be, in strict confidence and any dissemination, pursuant to a sale or otherwise, of such data, reports or other information, or sharing of its samples, shall be subject to such terms and conditions, as may be prescribed.";

(c) in sub-section (4),—

(i) for the words "granted or renewed", the words "granted, extended or acquired" shall be substituted;

(ii) for the words "exploration licence or production lease granted, renewed or acquired", the words "composite licence, exploration licence or production lease, granted, extended or acquired" shall be substituted.

4. In section 6 of the principal Act,—

Amendment
of section 6.

1 of 1956.
18 of 2013.

(i) in clause (a), for the words and figures "section 3 of the Companies Act, 1956", the words, brackets and figures "clause (20) of section 2 of the Companies Act, 2013" shall be substituted;

(ii) for the proviso, the following provisos shall be substituted, namely:—

"Provided that no exploration licence, or composite licence, or production lease shall be granted for an area to any person other than the Government, a Government company or a corporation, in respect of any minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957, subject to such conditions and manner as may be prescribed, where the grade of such mineral in such area is equal to or greater than such threshold value as the Central Government may, by notification in the Official Gazette, specify:

Provided further that no production lease shall be granted in respect of any part of the offshore area, unless the existence of mineral resources in such offshore area has been adequately established in accordance with such parameters as may be prescribed.".

67 of 1957.

Amendment
of section 7.

5. In section 7 of the principal Act,—

(a) in sub-section (1),—

(i) for the words "that it is expedient in the interest of", the words "that it is expedient in public interest, strategic interest of the country, in the interest of" shall be substituted;

(ii) after the words "conservation of mineral resources", the words "or for any other reason" shall be inserted;

(b) in sub-section (2), for the words "opportunity of being heard", the words "opportunity of being heard, except in cases where premature termination is being done on the grounds of strategic interest of the country" shall be substituted;

(c) in sub-section (3),—

(i) in the proviso, for the words "condone such non-commencement or discontinuation.", the words and figures "extend the period specified in section 14 by a further period not exceeding one year and such extension shall not be granted for more than once during the entire period of operating right:" shall be substituted;

(ii) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that where the holder of operating right—

(a) fails to undertake operation; or

(b) having commenced the operation, discontinues such operation,

before the end of the extended period, such operating right shall also lapse from the date of execution of the lease or, as the case may be, discontinuance of the operation.";

(d) after sub-section (3), the following shall be inserted, namely:—

"(4) Where the holder of a production lease fails to undertake production and dispatch for a period of four years after the date of execution of the lease, or having commenced production and dispatch, discontinues the same for a period of two years, then such lease shall lapse on the expiry of the period of four years from the date of its execution or, as the case may be, two years from date of discontinuance of the production and dispatch:

Provided that the administering authority may, on an application made by the lessee, and after being satisfied that such non-commencement of production, or dispatch, or discontinuation thereof, was due to the reasons beyond the control of the lessee, may extend such period by a further period not exceeding one year, but such extension shall not be granted for more than once during the entire period of lease:

Provided further that where the lessee,—

(a) fails to undertake production or dispatch; or

(b) having commenced the production and dispatch, discontinues the same,

before the end of the extended period, such lease shall lapse from the date of its execution or, as the case may be, discontinuance of production or dispatch.".

Amendment
of section 8.

6. In section 8 of the principal Act, after sub-section (2), the following sub-sections shall be inserted, namely:—

"(3) Where the Central Government reserves any offshore area under sub-section (1), the administering authority may, subject to such terms and conditions as may be prescribed, grant a composite licence, or a production lease, in such area or any part thereof to the Government, or a Government company, or a corporation.

(4) A composite licence or a production lease granted to the Government, or a Government company, or a corporation under sub-section (3) shall be subject to the same terms and conditions applicable to a licensee or a lessee, as the case may be, except the procedure specified for grant of a composite licence under section 12 or a production lease under section 13.

(5) Where a Government company, or corporation is desirous of carrying out the exploration operation or production operation in a joint venture with other persons, the joint venture partner shall be selected through a competitive process, and such Government company or corporation shall hold more than seventy-four per cent. of the paid up share capital in such joint venture.".

7. In section 9 of the principal Act,—

Amendment of section 9.

(a) in sub-section (1),—

(i) after the words "any operating right, for", the words "such period as may be specified in the order, for" shall be inserted;

(ii) for the words "offshore mineral, or for national security", the words "offshore mineral, or for regulation of offshore areas, or for national security" shall be substituted;

(b) in sub-section (2),—

(i) after the words "purposes of the operating right", the words "for such period as may be specified in the order" shall be inserted;

(ii) for the words "from the date specified therein", the words "during the period of closure specified therein" shall be substituted.

8. In section 10 of the principal Act,—

Amendment of section 10.

(a) in sub-section (1),—

(i) for the brackets, figure and words "(I) Within six months", the words "Within six months" shall be substituted;

(ii) for the words "reconnaissance permit, exploration licence or production lease", the words "reconnaissance permit, or exploration licence, or composite licence, or production lease" shall be substituted;

(b) sub-sections (2) and (3) shall be omitted.

9. Section 11 of the principal Act shall be omitted.

Omission of section 11.

10. For sections 12 and 13 of the principal Act, the following sections shall be substituted, namely:—

Substitution of new sections for sections 12 and 13.

"12. (1) The administering authority may, in respect of an offshore area where the existence of mineral resources has not been adequately established for grant of a production lease as required by the second proviso to section 6, after inviting applications in this behalf, select any person for grant of a composite licence, who—

(a) fulfils the eligibility conditions as specified in this Act and such conditions as may be prescribed; and

(b) is selected through auction by method of competitive bidding, including e-auction, conducted on the basis of such terms and conditions, manner and bidding parameters, as may be prescribed.

(2) The Central Government shall grant the composite licence to the person selected in accordance with the procedure laid down in sub-section (1).

Grant of composite licence.

(3) The licensee shall complete the exploration operations satisfactorily, as specified in the notice inviting applications, within a period of three years from the date of grant of the composite licence:

Provided that the administering authority may, on an application made by the licensee three months before the lapse of the said period, for reasons to be recorded in writing and subject to such conditions as may be prescribed, grant an extension for a period of two years to the licensee for satisfactory completion of the exploration operations:

Provided further that no further extension shall be granted upon expiry of the extended period, if any, granted under the first proviso.

(4) The area granted under a composite licence shall comprise of contiguous standard blocks, which in aggregate do not exceed an area of thirty minutes latitude by thirty minutes longitude.

(5) Every licensee shall, on being granted a composite licence, commence and carry out exploration operation subject to such terms, milestones and relinquishment requirements, as may be prescribed.

(6) A licensee, who has adequately established the existence of mineral resources in an offshore area held under the composite licence, or part thereof, as required by the second proviso to section 6, shall, within the period specified or extended under sub-section (3), subject to such terms and conditions, and on making an application to the administering authority in such form, as may be prescribed, be granted one or more production leases:

Provided that such licensee—

(a) is not in breach of the terms and conditions of his composite licence;

(b) continues to be eligible for grant of a production lease in accordance with section 6; and

(c) has applied for grant of production lease within six months of completion of his exploration operations:

Provided further that the total area of such production lease or production leases, granted in pursuance of a single composite licence, shall not exceed fifteen minutes latitude by fifteen minutes longitude.

(7) The administering authority shall, on receipt of an application under sub-section (6), and on being satisfied that the licensee meets the requirements under the provisions of this Act and the rules made thereunder, recommend to the Central Government for grant of production lease to such licensee.

(8) The Central Government shall, on receipt of a recommendation under sub-section (7) from the administering authority, grant production lease to the licensee in accordance with such procedure as may be prescribed.

(9) Every production lease granted in pursuance of a composite licence shall be for a period of fifty years.

(10) All rights and interests held under a composite licence in the parts of an offshore area, in respect of which no production lease is granted, shall cease to exist upon expiry of the composite licence.

(11) The provisions of this section shall not apply to—

(a) the areas covered under section 8; and

(b) the minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957, where the grade of atomic

mineral is equal to or greater than such threshold value, as the Central Government may, by notification in the Official Gazette, specify.

13. (1) The administering authority may, in respect of an offshore area where the existence of mineral resources has been adequately established for grant of production lease as required by the second proviso to section 6, after inviting applications in this behalf, select any person for grant of a production lease, who—

(a) fulfils the eligibility conditions as specified in this Act and such conditions as may be prescribed; and

(b) is selected through auction by method of competitive bidding, including e-auction, conducted on the basis of such terms and conditions, manner and bidding parameters, as may be prescribed.

(2) The Central Government shall grant the production lease to the applicant selected in accordance with the procedure laid down under sub-section (1).

(3) Every production lease under this section shall be granted for a period of fifty years.

(4) The area under a production lease shall comprise of contiguous standard blocks and shall not exceed an area of fifteen minutes latitude by fifteen minutes longitude.

(5) Upon grant of a production lease, the lessee shall commence and carry out production operation in such manner and subject to such terms and conditions, as may be prescribed.

(6) The provisions of this section shall not apply to—

(a) the areas covered under section 8; and

(b) the minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957, where the grade of atomic mineral is equal to or greater than such threshold value, as the Central Government may, by notification in the Official Gazette, specify.". 67 of 1957.

11. After section 13 of the principal Act, the following sections shall be inserted, namely:—

"13A. (1) Notwithstanding anything contained in section 12 or section 13, no person shall acquire in respect of any mineral or a group of associated minerals, as may be prescribed, one or more exploration licence, composite licence and production lease, all taken together and covering a total area of more than forty-five minutes latitude by forty-five minutes longitude:

Provided that if the Central Government is of the opinion that in the interest of the development of any mineral or industry, it is necessary so to do, it may, for the reasons to be recorded in writing, increase or decrease the said area limit in respect of any mineral or any specified category of deposits of such mineral or such group of associated minerals.

(2) For the purposes of this section, a person acquiring by, or in the name of, another person an operating right which is intended for himself, shall be deemed to be acquiring it himself.

(3) For the purposes of determining the total area referred to in sub-section (1), the area held under an operating right by a person as a member of a co-operative society, or a company, or a corporation, or a Hindu undivided family, or a partner of a firm, shall be deducted from the area referred to in sub-section (1) so that the sum total of the area held by such person, under an operating right, whether as such member or

Grant of production lease.

Insertion of new sections 13A, 13B and 13C.

Maximum area for which operating rights may be granted.

partner, or individually, may not, in any case, exceed the total area specified in sub-section (1).

Transfer of composite licence or production lease.

13B. (1) A composite licence or a production lease granted under section 8, or through competitive bidding under section 12 or section 13, may be transferred by the relevant licensee or lessee, as the case may be, in such manner and subject to such conditions, as may be prescribed, to any person eligible for grant of such licence or lease, under the provisions of this Act:

Provided that no such transfer of a composite licence or a production lease shall be made in contravention of any conditions, subject to which such licence or lease was granted.

Explanation.—For the purposes of this sub-section, it is clarified that transfer may include one or more production leases, granted pursuant to one composite licence.

(2) The provisions of this Act, the rules made thereunder and the terms and conditions of a composite licence or a production lease, shall be binding upon the person to whom such licence or lease, as the case may be, is transferred under sub-section (1).

13C. (1) On and from the date of commencement of the Offshore Areas Mineral (Development and Regulation) Amendment Act, 2023, auction being the sole method of selection for grant of composite licence or production lease under sections 12 and 13,—

(a) all applications received prior to the said date of commencement for grant of composite licence or production lease shall become ineligible;

(b) any exploration licence granted prior to the said date of commencement shall become ineligible for grant of production lease over the offshore area covered by such exploration licence.

(2) The provisions of sub-section (1) shall be applicable notwithstanding anything contained in this Act, or any order or direction to the contrary, passed by any court or authority, prior to the commencement of the Offshore Areas Mineral (Development and Regulation) Amendment Act, 2023.”.

Amendment of section 14.

12. In section 14 of the principal Act, after clause (a), the following clause shall be inserted, namely:—

“(aa) composite licence — one year;”.

Amendment of section 16.

13. In section 16 of the principal Act, in sub-section (1), for the words “consumed by him from the area covered under the production”, the words “consumed from the area covered under his production” shall be substituted.

Insertion of new section 16A.

Establishment of Offshore Areas Mineral Trust.

14. After section 16 of the principal Act, the following section shall be inserted, namely:—

“16A. (1) The Central Government shall, by notification in the Official Gazette, establish a Trust, as a non-profit autonomous body, to be called the Offshore Areas Mineral Trust.

(2) The object of the Offshore Areas Mineral Trust shall be to use the funds accrued to it for the following purposes, namely:—

(a) research, administration, studies and related expenditure with respect to offshore areas and mitigation of any adverse impact that may be caused to the ecology in the offshore area, due to operations undertaken; or

(b) providing relief upon the occurrence of any disaster in the offshore area; or

(c) the purposes of exploration in the offshore area; or

(d) for the interest and benefit of persons affected by exploration or production operations undertaken; or

(e) such other purposes, as may be prescribed.

(3) The composition and functions of the Offshore Areas Mineral Trust shall be such as may be prescribed.

(4) The funds accrued to the Offshore Areas Mineral Trust shall be non-lapsable under the public account of India and be administered in such manner as may be prescribed.

(5) A lessee shall pay, in addition to the royalty, to the Offshore Areas Mineral Trust, an amount which is equivalent to such percentage of the royalty paid in terms of the First Schedule, not exceeding one-third of such royalty, in such manner as may be prescribed.

(6) The entities specified and notified under sub-section (1) of section 5 shall be eligible for funding under the Offshore Areas Mineral Trust, subject to such conditions as may be specified by the Central Government.".

15. In section 17 of the principal Act, for the words "consumed by him from the area", the words "consumed from the area" shall be substituted.

Amendment of section 17.

16. For section 18 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 18.

"18. Every lessee shall, in addition to other payments required under this Act, pay to the Central Government in advance, the amount to be paid to the International Seabed Authority in respect of the offshore area granted under his production lease falling in such part of the continental shelf extending beyond two hundred nautical miles, from the baseline from which the breadth of the territorial sea is measured, towards fulfilment of the obligation of the Government of India under Article 82 of the United Nations Convention on the Law of the Sea, 1982.".

Contribution towards International Seabed Authority.

17. After section 19 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 19A.

"19A. The Central Government shall take necessary steps, as may be prescribed, for the conservation and systematic development of minerals in the offshore areas and for the protection of environment by preventing or controlling any pollution which may be caused by exploration or production operations.".

Duty of Central Government on mineral conservation and development.

18. In section 23 of the principal Act,—

Amendment of section 23.

(a) in sub-section (1),—

(i) for clauses (a) and (b), the following clauses shall be substituted, namely:—

"(a) Whoever undertakes any reconnaissance operation, or exploration operation, or production operation in an offshore area without a reconnaissance permit, or a composite licence, or an exploration licence, or a production lease, as the case may be, shall be punishable with imprisonment for a term which may extend to five years, or with fine of five lakh rupees, which may extend to ten lakh rupees, or with both.

(b) Any permittee or licensee or lessee, who fails to furnish the required data, or information, or document under sub-section (2) of

section 5 in the manner provided therein, shall be punishable with imprisonment which may extend to three years, or with fine of five lakh rupees, which may extend to ten lakh rupees, or with both.

Explanation.—For the purposes of clauses (a) and (b), the amount of fine provided shall be in respect of each standard block of such part of the offshore area where such reconnaissance operation, or exploration operation, or production operation is undertaken.";

(ii) in clause (d),—

(A) for the word "punished", the word "punishable" shall be substituted;

(B) for the words "with fine which may extend to fifty lakh rupees", the words "with fine of twenty-five lakh rupees, which may extend to fifty lakh rupees" shall be substituted;

(b) in sub-section (2), in the long line, for the words "punished with imprisonment for a term which may extend to five years, or with fine which may extend to fifty thousand rupees", the words "punishable with imprisonment which may extend to five years, or with fine of two lakh rupees, which may extend to five lakh rupees" shall be substituted;

(c) after sub-section (2), the following sub-section shall be inserted, namely:—

"(2A) Whoever, having been convicted of an offence under sub-section (1) or sub-section (2), is again convicted of an offence under that sub-section, shall, in addition to the punishment provided therefor, be punishable with additional fine which may extend to one lakh rupees for each day during which he continues to commit that offence.";

(d) in sub-section (3),—

(i) the words "or the rules made thereunder" shall be omitted;

(ii) for the word "punished", the word "punishable" shall be substituted;

(iii) for the words "with fine which may extend to one crore rupees", the words "with fine of fifty lakh rupees, which may extend to one crore rupees" shall be substituted;

(e) after sub-section (3), the following shall be inserted, namely:—

"(4) Any rule made under any provision of this Act may provide that any contravention thereof shall be punishable with imprisonment for a term which may extend to five years or with fine of fifty lakh rupees, which may extend to one crore rupees, or with both, and in the case of a continuing contravention, with additional fine which may extend to five lakh rupees for every day during which such contravention continues after conviction for the first such contravention.".

Amendment
of section 28.

19. In section 28 of the principal Act, in sub-section (1), in clause (b), for the words "one lakh rupees and which may extend to ten lakh rupees", the words "five lakh rupees and which may extend to fifty lakh rupees" shall be substituted.

Insertion of
new sections
34A, 34B and
34C.

Power of
revision by
Central
Government.

20. After section 34 of the principal Act, the following shall be inserted, namely:—

"34A. The Central Government may, of its own motion and for reasons to be recorded in writing, and in accordance with such terms as may be prescribed, revise any order made by the administering authority or any officer under this Act or the rules made thereunder.

34B. Notwithstanding anything contained in this Act, the Central Government may give such directions to the administering authority, as it may deem necessary, in public interest, strategic interest of the country, conservation and development of mineral, or to carry out the provisions of this Act or the rules made thereunder.

34C. The Central Government may, for the purposes of this Act, require—

- (a) the administering authority; or
- (b) a permittee or a licensee or a lessee; or
- (c) any person whom it has reason to believe to be connected with any activity in respect of minerals in the offshore area,

to furnish such information as it may deem necessary for, or relevant to, any enquiry or proceeding, under this Act.".

21. In section 35 of the principal Act, in sub-section (2),—

Amendment of section 35.

(i) after clause (a), the following clause shall be inserted, namely:—

"(aa) such other authority to whom, all exploration and operational data, reports, samples and other information in respect of or collected pursuant to an operation, is to be furnished by the lessee, licensee or permittee the manner and the period within which, they are to be furnished, under clause (a) of sub-section (2) of section 5;

(ab) the terms and conditions subject to which the data, reports, samples or information is to be disseminated pursuant to a sale or otherwise under clause (b) of sub-section (2) of section 5;";

(ii) for clause (c), the following clauses shall be substituted, namely:—

"(c) the conditions and manner for regulating the grant of mineral concessions in respect of minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 under the first proviso to section 6;

(ca) the parameters for adequately establishing existence of mineral resources under the second proviso to section 6;"

(iii) clauses (d) to (j) shall be omitted;

(iv) after clause (j), the following clauses shall be inserted, namely:—

"(ja) the terms and conditions for grant of a composite licence or a production lease to a Government company or corporation under section 8;

(jb) the eligibility conditions to be fulfilled, the terms and conditions for conducting competitive bidding, the manner and bidding parameters for grant of a composite licence under sub-section (1) of section 12;

(jc) the conditions subject to which extension is to be granted to the licensee for completion of the exploration operations under the first proviso to sub-section (3) of section 12;

(jd) terms, milestone and relinquishment requirements for commencing and carrying out exploration operation under sub-section (5) of section 12;

(je) the form of application to be made to the administering authority for grant of production lease under sub-section (6) and the procedure therefor under sub-section (8) of section 12;

(jf) eligibility conditions to be fulfilled, the terms and conditions for conducting competitive bidding, the manner and bidding parameters for grant of a production lease under sub-section (1) of section 13;

Power of Central Government to issue directions.

Power of Central Government to call for information.

(*gj*) the terms and conditions subject to which the production operations shall be commenced and carried out under sub-section (5) of section 13;

(*jh*) the group of associated minerals to be specified under sub-section (1) of section 13A;

(*ji*) the manner and the conditions for transfer of a composite licence or a production lease under section 13B;

(*jj*) such other purposes for which the funds accrued to the Offshore Area Mineral Trust shall be used under sub-section (2) of section 16A;

(*jk*) the composition and functions of the Offshore Area Mineral Trust under sub-section (3) of section 16A;

(*jl*) the manner of administration of funds accrued to the Offshore Area Mineral Trust under sub-section (4) of section 16A;

(*jm*) the manner of payment of amounts to the Offshore Area Mineral Trust under sub-section (5) of section 16A;";

(*nv*) after clause (*k*), the following clause shall be inserted, namely:—

"(*ka*) the steps necessary to be taken for conservation and systematic development of minerals in the offshore areas and for the protection of environment by preventing or controlling any pollution which may be caused by exploration or production operations under section 19A;";

(*nvii*) after clause (*p*), the following clause shall be inserted, namely:—

"(*pa*) the measures to be taken for preventing illegal mining, transportation, and storage of minerals and for the purposes connected therewith;".

22. Section 36 of the principal Act shall be omitted.

23. In the Second Schedule to the principal Act, in the Table, for the entries in column (1) relating to size, the following shall be substituted, namely:—

Size

"Standard block of 1 minute longitude by 1 minute latitude.".

24. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of the principal Act, as appear to it to be necessary or expedient for removing the difficulty:

Provided that no such order shall be made under this sub-section after the expiry of a period of two years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Omission of section 36.

Amendment of Second Schedule.

Removal of difficulties.

STATEMENT OF OBJECTS AND REASONS

The Offshore Areas Mineral (Development and Regulation) Act, 2002 (the Act) was enacted to provide for development and regulation of mineral resources in the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India and to provide for matters connected therewith or incidental thereto. The provisions of the Act came into force with effect from the 15th day of January, 2010.

2. India, despite having a unique maritime position with long coastline touching nine coastal States and four Union territories and two million square kilometres of exclusive economic zone, has not been able to tap its vast offshore mineral resources for its developmental needs. Previous efforts of allocation of offshore blocks did not bear desired results due to lack of legal framework for a fair and transparent mechanism to allocate the operating rights in the Act and stalemate caused due to pending litigations over the allocation of blocks.

3. In case of onshore mineral resources, auction was introduced as the method of allocation of mineral concession by amending the Mines and Minerals (Development and Regulation) Act, 1957, in 2015. Pursuant to the same, since 2015, hundreds of mineral blocks have been auctioned for grant of mining lease or composite licence under the Mines and Minerals (Development and Regulation) Act, 1957. The auction process has also generated additional source of revenue to the State Governments in terms of auction premium.

4. Similarly, there is an urgent need to introduce auction as the method of allocation of operating rights in the offshore areas to enable early allocation of operating rights through a transparent and non-discretionary process. Also, there is a need to adopt other features of the Mines and Minerals (Development and Regulation) Act, 1957, such as, establishment of trusts for mining affected persons and encouraging exploration, removing process of discretionary renewals and providing uniform lease period of fifty years, introduction of composite licence, providing for area limits, easy transfer of composite licence or production lease, etc.

5. Accordingly, it is proposed to introduce the Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2023, in Parliament. The salient features of the said Bill, *inter alia*, are—

(i) to provide for grant of production lease to private sector only through auction by competitive bidding;

(ii) to provide for grant of operating rights without competitive bidding to a Government or a Government company or a corporation in the mineral bearing areas reserved by the Central Government;

(iii) to introduce composite licence, which is a two stage operating right granted for the purpose of undertaking exploration followed by production operation. Composite licence shall also be granted only through auction by competitive bidding to private sector;

(iv) to provide that in case of atomic minerals, grant of exploration licence or production lease shall be made only to a Government or a Government company or a corporation;

(v) to remove the provision for renewal of production lease and provide a fixed period of fifty years for production lease similar to the provisions of the Mines and Minerals (Development and Regulation) Act, 1957;

(vi) to limit the area a person can acquire in respect of any mineral or a group of associated minerals, as may be specified by rules, under one or more operating rights all taken together;

(vii) to establish an Offshore Areas Mineral Trust to maintain a non-lapsable fund under the public account of India to ensure availability of funds for exploration, mitigation of adverse impact of offshore mining, disaster relief, research, work for interest and benefit of the persons affected by exploration or production operations, etc.;

(viii) to remove the impasse in the sector, auction has been introduced as the only method of selection for grant of composite licence or production lease under sections 12 and 13 of the Act, and all applications received prior to the date of commencement of the proposed legislation shall become ineligible. Similarly, any holder of exploration licence granted pursuant to application received prior to the coming into the force of the proposed legislation shall also become ineligible for grant of production lease;

(ix) to introduce timeline of four years (extendable by one year) for commencement of production and dispatch after the execution of production lease and timeline of two years (extendable by one year) for re-commencement of production and dispatch after discontinuation;

(x) to enable the Central Government to frame rules for the conservation and systematic development of minerals in offshore areas and for the protection of environment by preventing or controlling any pollution which may be caused by exploration or production operations;

(xi) to provide for transfer of composite licence or production lease to promote ease of doing business; and

(xii) to increase amount of fine for illegal mining and other offences.

6. The Bill seeks to achieve the above objectives.

NEW DELHI;

PRALHAD JOSHI.

The 19th July, 2023.

FINANCIAL MEMORANDUM

Clause 14 of the Bill provides for the establishment of Offshore Areas Trust. The production lease holders shall pay an amount in addition to royalty to the Offshore Areas Minerals Trust. The fund accrued to the trust shall be non-lapsable under public account of India and be administered in such manner as may be provided by rules. The fund will be utilised, *inter alia*, to ensure availability of funds for exploration, mitigation of adverse impact of offshore mining, disaster relief, research, benefit of the persons affected by exploration or production operations, etc.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 14 of the Bill empowers the Central Government to establish, by notification in the Official Gazette, a Trust, as a non-profit autonomous body, to be called the Offshore Areas Mineral Trust.

2. Clause 21 of the Bill seeks to amend sub-section (2) of section 35 of the Offshore Areas Mineral (Development and Regulation) Act, 2002 to make rules to provide for—

(i) such other authority to whom, all exploration and operational data, reports, samples and other information in respect of or collected pursuant to an operation, is to be furnished by the lessee, licensee or permittee the manner and the period within which, they are to be furnished, under clause (a) of sub-section (2) of section 5; (ii) the terms and conditions subject to which the data, reports, samples or information is to be disseminated pursuant to a sale or otherwise under clause (b) of sub-section (2) of section 5; (iii) the conditions and manner for regulating the grant of mineral concessions in respect of minerals specified in Part B of the First Schedule to the Mines and Minerals (Development and Regulation) Act, 1957 under the first proviso to section 6; (iv) the parameters for adequately establishing existence of mineral resources under the second proviso to section 6; (v) the terms and conditions for grant of a composite licence or a production lease to a Government company or corporation under section 8; (vi) the eligibility conditions to be fulfilled, the terms and conditions for conducting competitive bidding, the manner and bidding parameters for grant of a composite licence under sub-section (1) of section 12; (vii) the conditions subject to which extension is to be granted to the licensee for completion of the exploration operations under the first proviso to sub-section (3) of section 12; (viii) terms, milestone and relinquishment requirements for commencing and carrying out exploration operation under sub-section (5) of section 12; (ix) the form of application to be made to the administering authority for grant of production lease under sub-section (6) and the procedure therefor under sub-section (8), of section 12; (x) eligibility conditions to be fulfilled, the terms and conditions for conducting competitive bidding, the manner and bidding parameters for grant of a production lease under sub-section (1) of section 13; (xi) the terms and conditions subject to which the production operations shall be commenced and carried out under sub-section (5) of section 13; (xii) the group of associated minerals to be specified under sub-section (1) of section 13A; (xiii) the manner and the conditions for transfer of a composite licence or a production lease under section 13B; (xiv) such other purposes for which the funds accrued to the Offshore Area Mineral Trust shall be used under sub-section (2) of section 16A; (xv) the composition and functions of the Offshore Area Mineral Trust under sub-section (3) of section 16A; (xvi) the manner of administration of funds accrued to the Offshore Area Mineral Trust under sub-section (4) of section 16A; (xvii) the manner of payment of amounts to the Offshore Area Mineral Trust under sub-section (5) of section 16A; (xviii) the steps necessary to be taken for conservation and systematic development of minerals in the offshore areas and for the protection of environment by preventing or controlling any pollution which may be caused by exploration or production operations under section 19A; and (xix) the measures to be taken for preventing illegal mining, transportation, and storage of minerals and for the purposes connected therewith.

3. The matters in respect of which rules may be made and notifications issued are matters of procedure and administrative detail and it is not practicable to provide for them in the proposed legislation itself. The delegation of legislative power is, therefore, of a normal character.

UTPAL KUMAR SINGH

Secretary General.